

The Board of Supervisors of Maricopa County, Arizona convened in Informal Session at 9:00 a.m., February 2, 2004 in the Board of Supervisors' Conference Room, 301 W. Jefferson, Phoenix, Arizona, with the following members present: Andrew Kunasek, Chairman, District 3; Fulton Brock, District 1; Don Stapley, District 2, Max W. Wilson, District 4, and Mary Rose Wilcox, District 5. Also present: Fran McCarroll, Clerk of the Board; Shirley Million, Administrative Coordinator; David Smith, County Administrative Officer; and Paul Golab, Deputy County Attorney. Votes of the Members will be recorded as follows: (aye-no-absent-abstain).

50TH ANNIVERSARY CELEBRATION OF MARICOPA COUNTY PARKS

Presentation regarding the 50th Anniversary Celebration of Maricopa County Parks. The celebration includes events in each park with the highlight being the April 17, 2004, celebration at Estrella Mountain Regional Park. This event will commemorate Estrella Mountain Regional Park becoming an official county park in April 1954. (C3004014M) (ADM3224)

Bob Ingram, East Valley Superintendent, Parks and Recreation

Bill Scalzo remarked on the history of the Maricopa County Parks and Recreation Department as they begin their 50-year anniversary celebration of serving Valley of the Sun residents and visitors. In the early 1960's the Parks System did a one-time Regional Maricopa County Parks Plan, which later became the benchmark for regional county parks throughout America. The study identified a regional park as "a large, unspoiled preserve removed from urban areas and protected from urban encroachment by a buffer zone." He said that statement "captured what we're all about and what we try to continue to be." The economic implications of the Regional Park System in Maricopa County was studied by ASU in 1964, with a report prepared at the request of the Board of Supervisors. Mr. Scalzo explained that the study proved that land prices around a designated park or reservoir site could actually increase in value before construction begins. He said, "And that proves that you increase value every time you take land and make it into a park. You take it out of the taxing system and increase all the other values." He indicated that businesses, clean industries and homeowners all regard locations near a park system as highly desirable.

Mr. Ingram narrated the slide presentation that showed many photos of desert and mountain vistas stretching through the thousands of miles incorporated in the many different parks in the County. In 1944 a group of County residents wrote a letter expressing concern about the need for a county park system and the Maricopa County Park Committee was appointed by the Board of Supervisors to explore the idea of establishing a County Park System. The committee's first budget request was submitted in 1946 and consisted of two items; the purchase of seven parks for \$36,000 and sanitation supervision for \$14,000. The first Park Superintendent, Joe Jarvis, was appointed in November 1949. He worked two days a week and earned \$100 a month. Estrella Mountain Regional Park was established in April 1954 and was the beginning of what is now the County's Regional Park System. During the 1960's 21 parks were transferred to the cities wherein they existed, at no cost to them – a gift valued at \$1.75 million, and attention was then directed towards the development and administration of the County's large regional parks. At the beginning of this development phase, the County had 93,000 acres of parklands, a large portion of which was leased from either the state or federal government. Most of this land has now been purchased and is owned by the County. The Parks and Recreation System has continued to expand and improve in all ways until today the County's Regional Park System is the largest in the country with over 120,000 acres of scenic, Sonoran Desert and mountain vistas and ecological digs in 10 Regional Parks and one Conservation Area. He said that the 50th Anniversary celebration will extend over a 12-month period with the first activity taking place in Estrella Mountain Reserve, where it all began, on January 18. He said that the main event will also be held in Estrella on April 17.

Mr. Scalzo reported that an annual pass costs only \$75 and gives residents unlimited access to all of the desert parks. Because of contractual conditions with the Bureau of Land Management the yearly fee for Lake Pleasant is \$120. He noted that these are carload and not individual fees.

Ken Smithy, started working in the County's Parks and Recreation Department in 1954 and left in 1965 to begin lobbying for national parks and recreation facilities in Washington D.C. He continued in this field in various governmental and private genres until his retirement. Mr. Smithy relayed many of his personal, in depth, long term, and entertaining historical memories of the Park System. He said that John F. Long had boosted the total park acreage when he started giving the County an area to use as parklands, at no cost in each of his neighborhood housing developments. He gave some personal histories on many people who were instrumental in promoting the importance of a park system and of planning the various park facilities it would contain. He reminisced on establishing the Ben Avery Shooting Range, saying that when he was taken out to view it he had told Ben Avery that he was "out of your mind" to try to use that site because it was so far out of town. He told Mr. Avery, "Nobody's going to come out this far to use this place." And he then admitted that he obviously hadn't had the vision that Ben Avery did. He related that Ben Avery had come to the Board of Supervisors and asked them to loan him \$2,500, which he would repay in one year, so he could establish the shooting range, and they did. Mr. Smithy said, however, that Mr. Avery was a little miffed that the Chairman had charged him interest on the money. The Shooting Range is now considered a world-class facility that has been used by thousands. Mr. Smithy also called the Maricopa County Parks and Recreation System a world-class system and remarked that it is almost twice as big as the next largest system in the country, the Cook County Forest Reserves. Mr. Smithy expressed his appreciation for having the good fortune to have been a part of it and to have worked with such quality people.

Laurel Arndt, currently the Chairman of the Parks Commission, said she hoped efforts would continue in the future from the good example set in the past, "So that in 50 years we can sit in a similar meeting and talk about the pieces that we added to the system." She urged taking a look at areas west and south of the Valley for future park development opportunities, and also expressed the hope that no more internal parks would be handed over to the cities and towns because there would be future development in those areas as well. She congratulated the Board for all the work done on the Trails System and said that she hears someone talking about the new Trails System almost every day. She believed cities and towns welcome the connective trails around the County and felt many were proud to be associated with the Board of Supervisors who had the vision to put their support and energy into this project.

The Board thanked all those involved for the foresight and work done by so many recognized and unrecognized individuals and groups over the past 50 years in bringing the Maricopa County Parks and Recreation System to the current state of excellence.

Anthony Abril, citizen, commented on the need for development of the Rio Salado Park in South Phoenix. He said South Phoenix citizens have been paying taxes for many years and deserve equal development because development there is long overdue. He said the South Phoenix neighborhood is now a blight in the valley.

INTERGOVERNMENTAL AGREEMENT BETWEEN MARICOPA COUNTY, ARIZONA, AND THE MARICOPA COUNTY SPECIAL HEALTH CARE DISTRICT

Item: Approve the Intergovernmental Agreement between Maricopa County, Arizona, and the Maricopa County Special Health Care District providing for the transfer of personnel and related matters, in substantially the form presented upon approval of the final form of the agreement by County Counsel. (This item continued from meeting of January 28, 2004.) (C18040252) (ADM4496-001)

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David Smith referenced last week's vote of the Board approving the resolution establishing the Health Care District. He said one of the most important items demanding the District's attention is this Intergovernmental Agreement (IGA) dealing with Human Resource related matters for those now employed at MIHS who will continue during the transition. He highlighted the protective safety measures incorporated into the agreement and emphasized their importance to the County as well as to the employee. The recommendation is for the District to adopt the County's Merit System Rules, the compensation plan and the Personnel Policies and Procedures to maintain and preserve each employee's status in its current form and also that a comparable benefit's plan be offered to them.

Tom Manos said that this is the first of many IGA's that will come before the Board. He said that when the Board first started this process a set of guiding principles had been adopted and one had been that, from the employee's perspective, the transition should be as seamless as possible. He believes that the terms and conditions in this IGA accomplish that idea.

Supervisor Stapley asked when this policy becomes effective and was told that the transfer of employees would be January 1, 2005, which is the date the District transfer is expected to be completed.

Chairman Kunasek read the complete description of the action being taken in this IGA for District employees. "To approve the Intergovernmental Agreement between Maricopa County, Arizona, and the Maricopa County Special Health Care District providing for the transfer of personnel and related matters, in substantially the form presented upon approval of the final form of the agreement by County Counsel."

Commenting that she felt a seamless transition was being accomplished, motion was made by Supervisor Wilcox, seconded by Supervisor Stapley, and unanimously carried (5-0) to approve the Intergovernmental Agreement between Maricopa County and the Maricopa County Special Health Care District

The Chairman recognized several members who had served on the Advisory Board whose work resulted in the forming of the new district who were present in the audience: John Rivers, Dr. Marco Canulla and Ted Williams. He thanked them for their continued interest in this process.

MEETING RECESSED

Chairman Kunasek recessed the meeting to convene as the Board of Directors of the Special Health Care District.

MEETING RECONVENED

Chairman Kunasek reconvened the meeting, noting that the Board may recess to executive session as posted for the following item.

The Board may recess to go into executive session on the following item (No. 3) pursuant to ARS §38-431.03(A)(4) Contracts Subject to Negotiation:

MANAGEMENT CONSULTING SERVICES FOR MARICOPA INTEGRATED HEALTH SYSTEM, TO FRG MANAGEMENT ASSOCIATES

Item: Award Serial 03254-ROQ, Management Consulting Services for Maricopa Integrated Health System, to FRG Management Associates. The contract not-to-exceed amount is three million five hundred thousand dollars (\$3,500,000) during the initial one year term of the contract which becomes effective upon approval and expires January 31, 2005. The contract also provides for two six-month extensions at the discretion of the county or its assignee.

David Smith said that Financial Resource Group (FRG) was interviewed with other applicants and determined to be the best source of expertise to shepherd the transition from the County to the new Health Care District. He reviewed the financial situation at MIHS over the past ten years and the results to date of purchasing and endeavoring to implement the OAO financial management system, which has been riddled with one problem and system failure or delay after another since it was installed. He said, "The continued struggles with the software system leaves us with the watchword 'uncertainty' ... uncertainty with regards to cash, uncertainty with regards to reporting, uncertainty with regards to claims paid...accounts receivable, etc." One of the major elements to correct this will be bringing in a consultant with direct hands-on experience with the OAO System who would help to either straighten it out or give us a quick decision that it cannot be straightened out. Advisors who have been working with the County, i.e. Deloitte, etc., will continue to work with FRG in an endeavor to bridge the learning curve they will experience and to expedite the solution so the system will be in good working order when it is time to turn it over to the Health Care District next January.

Rich Dymalski gave an update to the previous OAO update that was given to the Board last December. This update covered:

- Readjudication of coordination of benefits claims - targeted for March 2004 (manually working), revised target date unknown;
- Authorization programming enhancements necessary from OAO - targeted for December 12, 2003 and revised target date to March 1, 2004;
- Remaining pending category analysis - targeted for December 12, 2003, revised to no firm date.
- Interest calculation enhancements necessary from OAO - target date of December 31, 2003, revised target date, none given.

He spoke of new hires in management and several additional and unexpected delays.

Tom Manos reported on the solicitation process for a national consultant management team for the transition. They received five proposals and he said the final decision had been very close, with FRG being selected. The scope of services sought from FRG fall into three main categories:

- Identification of and help with all the tasks for the transition, which must be completed before January 1, 2005.
- Achieving a clean hand-off by making certain the health system is operating as efficiently as possible.
- Educating and working with the new board members between their election in November 2004 and January 1, 2005, when the Health Care District is turned over to them.

For the next two months, FRG will provide six people to work full-time to study the system and to prepare recommendations listing what they want to accomplish and giving information on who, what, where, how, why and how much it will cost to do that. He explained that they would not be able to proceed with any of those recommendations until they first receive approval from the County. He said the estimate of costs for the first two-month schedule is \$400,000 per month. Mr. Manos said that the cost after that would depend on what FRG is instructed to do since there are some tasks that the County, or one of our regular consultants, would be better positioned to carry out.

John Hess and Ted Shaw, senior partners in FRG, spoke saying that Mr. Hess would work closely with the District viewpoint and Ted Shaw would be the overall project CEO for the transition. They spoke of the short time available to accomplish this huge and complex undertaking and said they would assemble a team of experts that could achieve it satisfactorily. Both men spoke of their personal long-term experience in health care and with mergers similar or larger in scope to this one. They referenced some of the resources they might employ to do this project. Seven additional FRG team members in the audience were introduced to the Board with a short background given on each member's expertise. Discussion ensued. The Chairman said it would be very important for information to be made available so those running for election to the Board can know what their duties would be when they campaigned. He asked that everything be made as painless and easy as possible for the new, soon to be elected Health Care District Board Members.

Supervisor Wilcox added to the motion: Also authorize the transfer and expenditure of \$3.5 million from Appropriated Fund Balance General Fund General Contingency (Department 480 Fund 100) to a new line item in Appropriated Fund Balance General Fund Other Programs entitled Health Care District Consultant. This action will result in a countywide next impact of zero.

Motion was made by Supervisor Stapley, seconded by Supervisor Wilcox, and unanimously carried (5-0) to include the added language as read by Supervisor Wilcox and award Serial 03254-ROQ, Management Consulting Services for Maricopa Integrated Health System, to FRG Management Associates. The contract not-to-exceed amount is three million five hundred thousand dollars (\$3,500,000) during the initial one year term of the contract which becomes effective upon approval and expires January 31, 2005. The contract also provides for two six-month extensions at the discretion of the county or its assignee.

EXECUTIVE SESSION CALLED

Pursuant to A.R.S. 38-431.03, motion was made by Supervisor Brock, seconded by Supervisor Stapley, and unanimously carried (5-0) to recess and reconvene in Executive Session to consider items listed on the Executive Agenda dated February 2, 2004, as follows.

LEGAL ADVICE: PENDING OR CONTEMPLATED LITIGATION - ARS §38-431.03(A)(3) AND (A)(4)

1. **Mesa General Hospital Medical Center v. Maricopa County and related cases (Nos. CV 1998-001664)**
Christopher Keller, Division Chief, Division of County Counsel
Sandi Wilson, Deputy County Administrator
Shawn Nau, Director, Health Care Mandates
Jan Ringgenberg, Health Care Mandates
Donald W. Bivens, Attorney, Meyer Hendricks & Bivens
Michael Ross, Attorney, Meyer Hendricks & Bivens
Brenden Murphy, Attorney, Meyer Hendricks & Bivens
Kym Nichols, Paralegal, Meyer Hendricks & Bivens
Bruce P. White, Deputy County Attorney, Division of Counsel
2. **Recommendation for civil enforcement action within the Trip Reduction Program, against Brinker Restaurant Corp. And/or Brinker International, Inc.**
Bruce P. White, Deputy County Attorney, Division of County Counsel
William Kicksey, Manager, Trip Reduction Program
Brad Hartsock, Plan Review & Monitoring Supervisor, Trip Reduction Program

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3. Maricopa County v. Arizona State Board of Equalization, and Chandler Gateway Partners, LLC

Elizabeth Yaquinto, Deputy County Attorney, Division of County Counsel
Deryck R. Lavelle, Deputy County Attorney, Division of County Counsel
William S. Knopf, Deputy County Attorney, Division of County Counsel
Fred Kelly, Chief Deputy Assessor

4. Maricopa County v. Arizona State Board of Equalization, and Albertson's Inc.

April Theis, Deputy County Attorney, Division of County Counsel
Elizabeth Yaquinto, Deputy County Attorney, Division of County Counsel
Fred Kelly, Chief Deputy Assessor

LEGAL ADVICE -- ARS §38-431.03(A)(3)

5. City of Phoenix Parcels 201-12-549 and 201-12-550

April Theis, Deputy County Attorney, Division of County Counsel
William Knopf, Deputy County Attorney, Division of County Counsel

PERSONNEL MATTERS - PROMOTION, DEMOTION, SALARY, ETC. -- ARS §38-431.03 (A)(1)

6. Review of Ross Tate, County Auditor

FLOOD CONTROL DISTRICT

F-1. Legal Enforcement action against Richard Hollabaugh

Kevin S. Costello, Deputy County Attorney, Division of County Counsel
Mike Ellegood, Flood Control District
Mark Mayer, Flood Control District

MEETING ADJOURNED

There being no further business to come before the Board, the meeting was adjourned.

Andrew Kunasek, Chairman of the Board

ATTEST:

Fran McCarroll, Clerk of the Board